

A large, light gray, stylized star graphic that serves as a background for the title. It has five points, with the top point being the largest and most prominent. The star is centered on the page.

# **Listening to Your Business Part I of II**

# Listening to Your Business

## Participant Guide-Part 1 of 2

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# LISTENING TO YOUR BUSINESS

**You want to be here in three years**



## **Step 4 Transition Tactics**

- o Establish action steps for the transition.
- o Identify immediate actions needed.

## **Step 3 Planning Tools and Competencies**

- o Evaluate current planning tools.
- o Identify the way plans will be used for analysis, communication, strategic direction, and control.

## **Step 2 Business Life Cycle and Transitions**

- o Verify the stage of growth of your business.
- o Decide at what stage of growth you want your business to be in three years.
- o Ascertain the challenges of transitioning from one stage to another.

## **Step 1 Three-Year Vision**

- o Envision where you want your business to be in three years.
- o Discover where your business is today.
- o Determine necessary transitions to reach your vision.



**You are here.**

## Welcome to Listening to Your Business

Listening to Your Business will help you evaluate and measure your business strategies. Specifically designed for entrepreneurs, this workshop will help you answer the question “Where do I want my business to go, and how do I make it happen?”

### **In this workshop, you will:**

- Identify a strategic vision for your business.
- Determine an appropriate plan of action.
- Prioritize and formalize transition steps.
- Develop a transition plan to grow your business.

Listening to Your Business, will take you through some major questions successful entrepreneurs ask themselves:

- Where is my business today?
- What stage is my business in?
- In what stage would I like my business to be three years from now?
- What transitions will I, as the entrepreneur, need to make?
- How do I get my business from today to my three-year vision?

## Step 1 - Three-Year Vision

*“Vision is the art of seeing what is invisible to others.”  
– Jonathan Swift*

Most entrepreneurs have experienced a driving force, or overriding purpose, for starting their business. Successful entrepreneurs take it one step further and develop a vision for the future growth of their businesses. This vision helps guide the day-to-day operations and strategic decision-making necessary to achieve success.

### **In Step 1, you will:**

- Envision where you want your business to be in three years.
- Analyze where your business is today.
- Identify the necessary transitions needed to meet your vision.

Those more likely to succeed are those best prepared. As Louis Pasteur was the first to observe, “Chance favors the prepared mind.” Entrepreneurs who prepare a vision and develop plans to reach their business goals will most likely be more successful in the future. Before deciding what steps are necessary to move toward your business goals, you must be very clear about your desires for yourself and your business. Identifying a three-year vision can add this clarity.

### **Key Issue**

*Luck is where preparation and opportunity meet.  
Successful entrepreneurs create their own luck.”*

To identify a three-year vision, entrepreneurs must focus on the future. Changes in the global marketplace, the Internet, and technology must be considered. A vision is a goal to strive for, not a reflection of a business’s current position.

This is an example of what one entrepreneur believed the business looked like three years into the future. Using this example as a guide, go to the next page and create your business vision.

# ASSESSMENT TOOL 1

## MY THREE-YEAR VISION EXAMPLE

<b>My three-year vision</b>	<b>My staff</b>	<b>Management team</b>	<b>Vendors</b>	<b>Customers</b>	<b>Myself</b>
What do I <b>see</b> ?	They have productive meetings with innovations emerging.	I see an energized committed top team.	They want to supply us and visit us regularly.	They are buying our products/services.	I am leading my team and the organization is very successful.
What do things <b>look like</b> ?	They are eager to get to work.  They work hard and collaborate.	They are taking care of their areas and producing top results.	They ask if they can form strategic alliances perhaps finance product lines.	They are happy to visit our business and regularly give us positive feedback and suggestions.	My organization is following a solid strategic plan.
What do I <b>hear</b> ?	I hear them taking good care of customers.	I hear them encouraging one another and offering assistance.	I hear them offering special payment plans and discounts.	They say they are satisfied with the quality of our products/services and are telling other potential customers about us.	My products/services are the best in the industry.

## **ASSESSMENT TOOL 1** (CONTINUED)

### **MY THREE-YEAR VISION**

Imagine that it is three years from today you are walking in the door of your business. What do you see and hear? What are people doing? What does the business look like?

Write down your vision for each stakeholder. After capturing your vision, turn to the next two pages and complete the questions to identify additional details to consider as you design the future.

<b>My three-year vision</b>	<b>My staff</b>	<b>Management team</b>	<b>Vendors</b>	<b>Customers</b>	<b>Myself</b>
What do I <b>see</b> ?					
What do things <b>look like</b> ?					
What do I <b>hear</b> ?					

Understand and prepare for the potential effects of sudden natural or manmade disasters on your business in the following areas:

- Supply Chain
- Operations
- Finances
- Payroll
- Distribution
- Sales

**For additional consideration**

If you wish to expand on this at another time, you could add other stakeholders such as the following:

Professional service providers (CPA, attorney)

Financiers (friends and family, bankers, angel investors, venture capitalists)

The media

The community

Wall Street



## ASSESSMENT TOOL 1 (CONTINUED)

IMAGINE IT IS THREE YEARS FROM TODAY AND YOU ARE WALKING IN THE DOOR OF YOUR BUSINESS.

(Use these additional criteria to add detail to your vision. You can add the criteria most important to your business.)

<b>Location</b>	Where will my business be located?	
<b>Facilities</b>	What kind of facilities will the business occupy?	
	How many square feet?	
	Will the business own the building or lease space?	
<b>Equipment</b>	What kind of equipment will be needed?	
<b>Computer technology</b>	What kind of computer technology will the business have?	
<b>Products</b>	What will the product line encompass?	
<b>Services</b>	What services will be offered?	
<b>Market</b>	Who makes up the customer base?	
	Will markets be local, regional, national, global?	
	What percentage of the market will the business have?	
	Will we have an online presence to include website, e-commerce and digital marketing?	

<b>Financial</b>	What will the total sales be?	
	How much will the net profit be?	
	How much growth capital will be needed?	
	Where will you source your funding? self? borrow? grants?	
	What types of investors will be used?	
<b>Personnel</b>	How much support will the business have: full-time? part-time? contract?	
<b>Work load</b>	How many hours/days per week will you be working?	
<b>Growth</b>	Will the rate of growth be: fast? moderate? static? decline?	
<b>Risks</b>	What potential business risks might be encountered?	
<b>Exit strategy</b>	What is the proposed exit strategy for you, the entrepreneur?	

## **ASSESSMENT TOOL 2**

### **WHERE IS MY BUSINESS TODAY?**

You walk in the door of your business today. What do you see and hear? What are people doing? What does the business look like?

<b>My business today</b>	<b>My staff</b>	<b>Management team</b>	<b>Vendors</b>	<b>Customers</b>	<b>Myself</b>
What do I <b>see</b> ?					
What do things <b>look like</b> ?					
What do I <b>hear</b> ?					

## ASSESSMENT TOOL 3

### VISION GAPS

A. List the gaps between your three-year vision and where your business is today.
1
2
3
4

B. What changes will you have to make in the way you operate your business today to reach your three-year vision?
1
2
3
4

# Notes

## Step 2 - Business Life Cycle and Transitions

**“The vision must be followed by the venture. It is not enough to stare up the steps—we must step up the stairs.” – Vance Havner**

Historically, businesses passed through each stage of the business life cycle sequentially. Today, it is more common to leap back and forth as a business responds to the changing global marketplace. When a business shifts from one stage to another, entrepreneurs must implement strategies for operating the business as well as introduce new products/ services. A successful transition between business life cycle stages requires careful planning by the entrepreneur.

**In Step 2, you will:**

- Determine the stage of growth your business is at today.
- Consider the stage of growth you want your business to be in three years from today.
- Identify the challenges to transitioning from one stage to another.
- Consider the potential for disruption in business continuity.

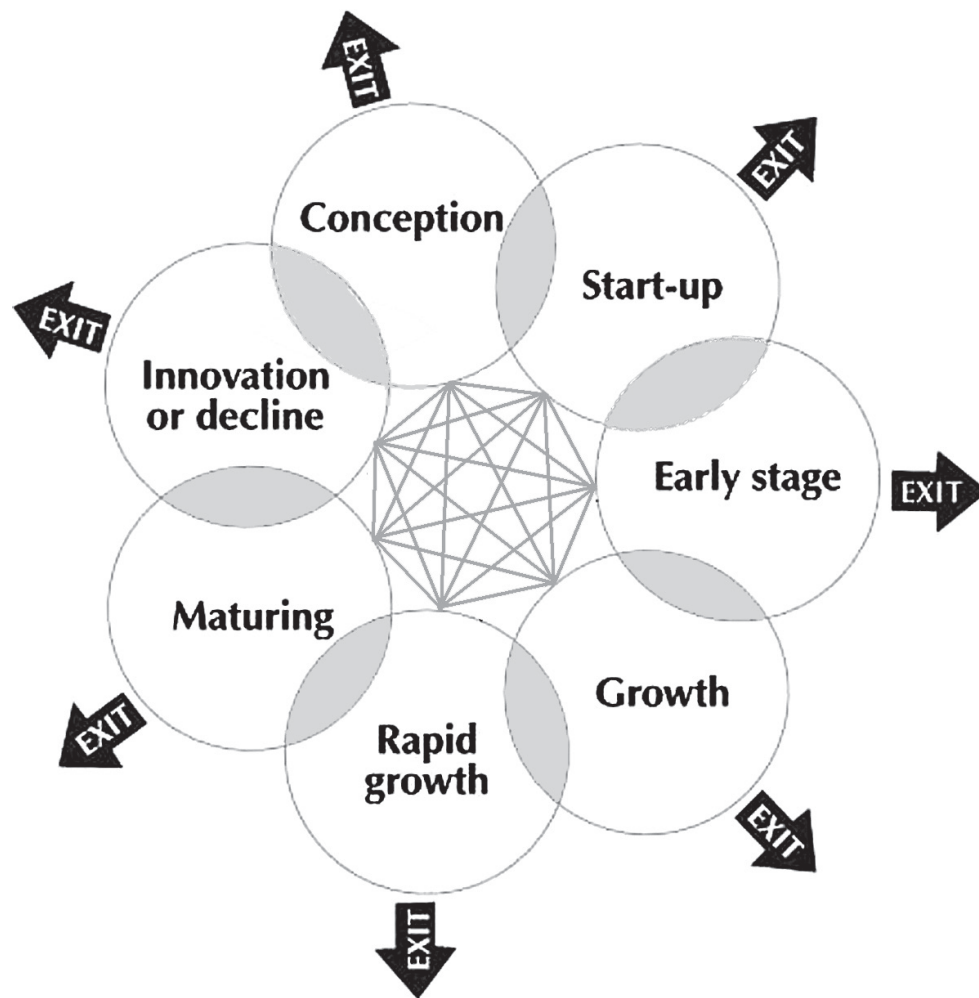
Business survival and growth require entrepreneurs to understand the stages of business growth and the planning required for each. Although situations differ by industry and business type, there are seven stages in the business life cycle. Since businesses no longer go through these stages sequentially, the entrepreneur can exit a business during any of the growth stages. It is important to start a business with the exit strategy in mind as this plan will help guide business decisions throughout the life of the business.

### Key Issue

***“Every exit is an entry somewhere else.”***  
***– Tom Stoppard***

*These are the  
seven stages in the business life cycle.*

*The entrepreneur can exit during any  
of the stages.*



*These are the seven stages in the business life cycle.  
The entrepreneur can exit during any of the stages.*

### **Conception stage**

During the conception stage, the entrepreneur determines the feasibility of the new business by evaluating the needs of the market, the potential profitability, and the availability of needed resources. The entrepreneur often plays all the roles of the management team, relying on suggestions from outside advisers. The entrepreneur's main concerns are to uncover sources of funds, identify potential customers, and design how products/services will be manufactured and delivered. An astute entrepreneur begins to write a startup plan to determine if the business concept is feasible and whether to proceed and launch the business idea.

### **Start-up stage**

The business is launched and cash is usually tight in the start-up stage. Products/services are usually targeted to narrow market niches. Sales are inconsistent at best, seldom meeting the entrepreneur's expectations. As a result, many businesses grow slowly and struggle to survive. The entrepreneur makes most of the management decisions and works long hours. Entrepreneurs modify products/services and experiment with different market-penetration tactics. Resources are scarce and must be used judiciously. At this stage, formal business and marketing plans are needed to guide the business and measure its progress.

### **Early stage**

In the early stage, the business has attracted customers but struggles to find its competitive advantage. The business is relatively small with few staff members. All activities of the business are focused around increasing sales. Attracting and retaining a talented management team is paramount during this stage, as the entrepreneur begins to rely on other management members. This stage is a smart time to hire a professional marketer to implement a strong marketing plan for the business. Modifying the business and marketing plan assumptions to reflect reality is an important undertaking to successfully navigate the business through the early stage.

### **Growth stage**

Markets are established but the business experiences a continual drain of cash as it attempts to meet the demands of increased sales and expanding markets. New staff, customers, and investors are quickly added. Managing these new relationships requires the entrepreneur to delegate more while continuing to communicate the future vision and direction of the business. During this growth, a strategic and operating plan is needed to support the business plan and marketing plan that should be updated annually.

### **Rapid growth**

In the rapid-growth stage, the business outpaces industry growth rates and establishes itself as a viable concern. This stage is risky since many resources are dedicated to the business but there is no guarantee of continued success. Planning and control systems are in place and a professional management team operates the business. Some entrepreneurs decide to sell their businesses at this stage. Some find their businesses have outgrown their skills because they are unable to cope with increasingly complex management and growth challenges. At this stage of business growth, the



multiple plans in place—business, marketing, strategic, and operating plans—must be refined and updated annually as the business continually adapts to economic and market conditions.

### **Maturing stage**

The business has well-established markets with multiple products/services in the maturity stage. There is increased competition, saturation of the market, and stabilized sales. The business is now larger and can remain somewhat stable as long as it continues to respond to the market. The entrepreneur focuses on how to preserve the business so it will continue to be healthy and increase in value. The management team works together to fulfill the strategic plan of the business. Refined planning tools are still needed to keep the business on track. All plans should be updated.

### **Innovation or decline**

Once the business progresses to the innovation or decline stage, it must innovate or lose market share. Innovation is required at all levels of the organization by virtually every team member. Some entrepreneurs find it easier to innovate by acquiring other firms with complementary products or services and unrealized market potential. Others introduce new or spin-off products/services to complement current offerings. A savvy entrepreneur may choose to break-up the business into mini businesses or multiple profit centers, each with their own business plan and team. Since it is critical to the business to reevaluate its strategic direction and the market it serves, it may take a complete rewrite of all plans to put new energy back into the business.

Note:

*Business failure is common during the business stages. Failure can be avoided when entrepreneurs:*

- *Develop sound business plans.*
- *Attract, retain, and develop talented management team members.*
- *Innovate.*
- *Monitor and respond to trends.*
- *Communicate internally.*
- *Measure success factors.*
- *Make timely decisions.*
- *Use financial statements to continue to learn and manage the business.*

## ASSESSMENT TOOL 4

### WHERE DOES MY BUSINESS FIT IN THE BUSINESS LIFE CYCLE?

Using the summary sheets for the business growth stages, pages 15-16, check the characteristics listed for each stage of business that best fit you and your business.

Conception Stage 15

Start-Up Stage 15

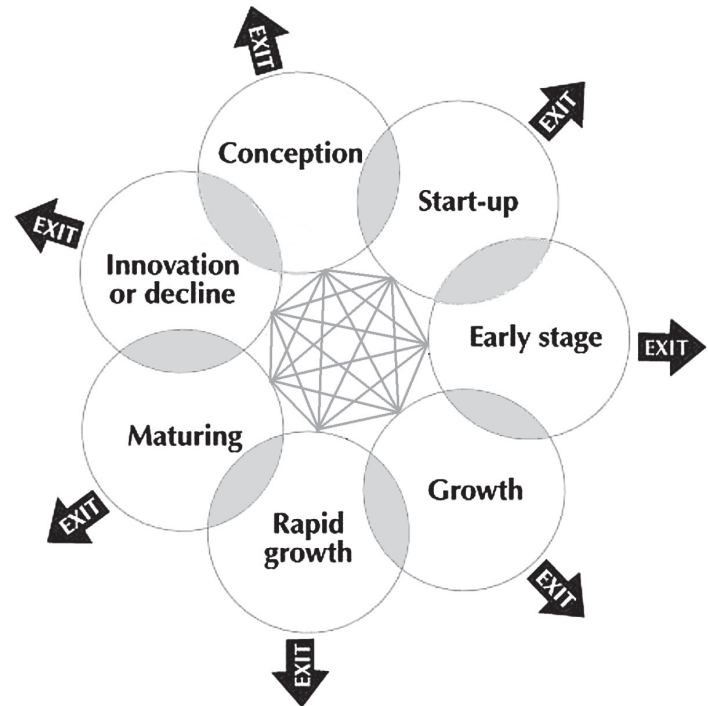
Early Stage 15

Growth Stage 15

Rapid-Growth Stage 16

Maturing Stage 16

Innovation or Decline Stage 16



### ALTERNATIVE ASSESSMENT TOOL 4

Another way to determine where your business fits in the business life cycle is to chart the alignment of your business.

Use the Alternative Assessment Tool 4 that begins on page 18 to check the alignment of your business

# CONCEPTION STAGE OF BUSINESS

## BUSINESS NOT FORMED YET

### Business characteristics

- ☐ Business environment is chaotic
- ☐ Sales and growth are inconsistent at best
- ☐ Business is relatively small with few staff members
- ☐ Business continually adapts to changes
- ☐ Resources are scarce and used judiciously

### Goals and objectives

- ☐ Cash break-even is reached quickly
- ☐ Target market needs are identified
- ☐ Start-up capital is available
- ☐ Products/services are sold
- ☐ Talented management team is recruited
- ☐ Start-up expenses are minimized

### Entrepreneurial characteristics

- ☐ Planning and goal-setting skills
- ☐ Market focused
- ☐ Effective communicator
- ☐ Successful negotiator

### Entrepreneur's management style

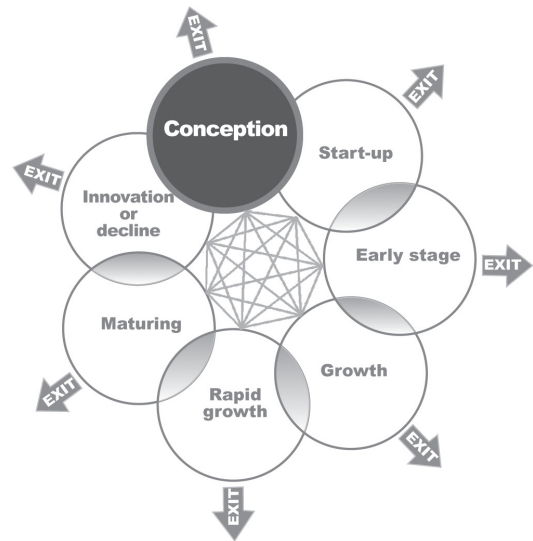
- ☐ Centralizes management decisions
- ☐ Fights daily fires
- ☐ Develops aggressive market strategy devoted to launch and survival
- ☐ Delegates very few tasks

### Planning characteristics

- ☐ Plan for an effective entrepreneurial team is established
- ☐ Management decisions guided by the business plan
- ☐ Business plan used as an assessment tool to measure progress against projections
- ☐ Business plan changes frequently

### Red flags

- ☐ Growth is slow
- ☐ Sales do not meet projections and occur haphazardly
- ☐ No consistent sales pattern to guide planning decisions
- ☐ Products/services targeted to narrow market niches
- ☐ Competitive advantage hard to identify
- ☐ Cash flow is tight
- ☐ There is no formal planning process



# START-UP STAGE OF BUSINESS

## BUSINESS IS NEWLY OPENED FOR BUSINESS

### Business characteristics

- ☐ Business is fast-paced
- ☐ Entrepreneur experiments with different marketing tactics
- ☐ Customers are contacted regularly
- ☐ Business activities are sales driven

### Goals and objectives

- ☐ Targeted customers are attracted
- ☐ Products/services are refined to meet market needs
- ☐ Market share is growing
- ☐ Sales volumes are increased
- ☐ Profit is achieved
- ☐ Board of advisers is established

### Entrepreneurial characteristics

- ☐ Marketing oriented
- ☐ Effective communicator of business vision
- ☐ Problem solver
- ☐ Tenacious
- ☐ Delegator
- ☐ Effective motivator
- ☐ Feedback solicitor

### Entrepreneur's management style

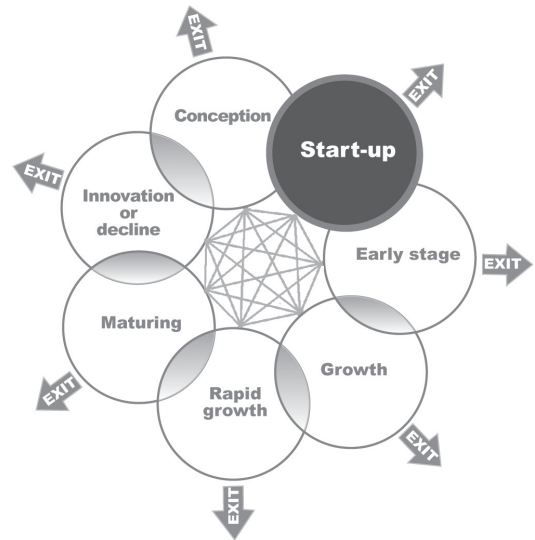
- ☐ Builds solid management team
- ☐ Delegates responsibilities
- ☐ Addresses training needs
- ☐ Manages resources creatively

### Planning characteristics

- ☐ Cash flow activity is tracked
- ☐ Staff policies and responsibilities are outlined
- ☐ Business progress is charted and compared with the business plan

### Red flags

- ☐ Daily tasks overwhelm management
- ☐ Little time to spend with staff who need direction
- ☐ Entrepreneur micro manages
- ☐ New competition emerges
- ☐ Priorities continually change
- ☐ Business loses focus
- ☐ Entrepreneur spends too much time working in the business rather than on the business
- ☐ Numerous marketing challenges are encountered



# EARLY STAGE OF BUSINESS

ACQUIRED CUSTOMERS BUT NEED TO EXPAND SALES

## Business characteristics

- ☐ Business is established as a viable business
- ☐ Market niches are well defined
- ☐ Planning and control systems are operating
- ☐ Entrepreneur is bombarded by both growth enablers and growth inhibitors
- ☐ Business is cash poor and needs money to expand

## Goals and objectives

- ☐ Aggressive growth strategies are pursued
- ☐ Growth financing is sought
- ☐ Business becomes a market leader and expands market share
- ☐ Talented staff members are attracted
- ☐ Board members are very involved
- ☐ Business value is increased

## Entrepreneurial characteristics

- ☐ Effective communicator of business vision
- ☐ Strategic planner, goal setter
- ☐ Effective manager, facilitator, mentor, team builder
- ☐ Gives feedback
- ☐ Problem solver

## Entrepreneur's management style

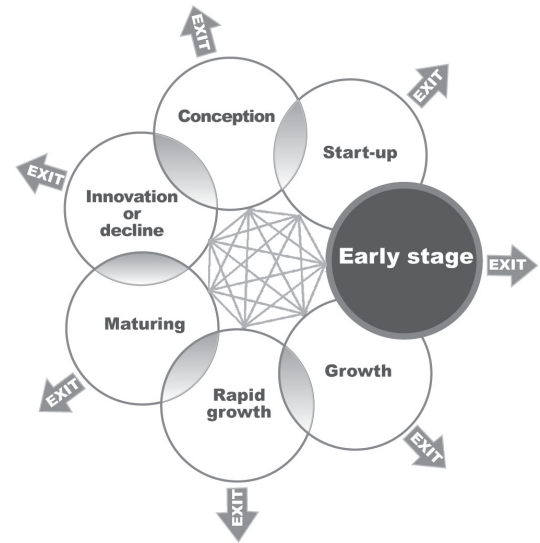
- ☐ Develops effective management team
- ☐ Steps back from the daily operations and manages business with the overall plan in mind
- ☐ Makes major changes in entrepreneurial strategies
- ☐ Aligns management team with business vision and culture
- ☐ Coaches others
- ☐ Encourages ideas and discusses alternatives

## Planning characteristics

- ☐ Strategic and operating plans are used to formulate strategies and integrate benchmarks
- ☐ Plans include how the business will grow, manage sales, and remain profitable
- ☐ All resources are used to finance growth
- ☐ Focus on business side of operations
- ☐ Design exit strategy

## Red flags

- ☐ Lack of sufficient assets to use as collateral for expansion capital
- ☐ Rapid growth uncontrollable
- ☐ Shortage of management expertise and intellectual capital
- ☐ Insufficient cash flow to support growth
- ☐ Entrepreneur unable to cope with management and growth challenges
- ☐ Staff members become disenfranchised



# GROWTH STAGE OF BUSINESS

GROWING AT LEAST AT SAME PACE AS INDUSTRY

## **Business characteristics**

- ☐ New opportunities are sought
- ☐ Customers and staff members are added quickly
- ☐ Business is a market leader
- ☐ Business is able to sustain its competitive edge
- ☐ Operations are structured

## **Goals and objectives**

- ☐ Markets are expanded
- ☐ Brand awareness is created
- ☐ Financing for growth is found
- ☐ Board provides scheduled, regular input
- ☐ Global opportunities are explored
- ☐ Business takes advantage of technology

## **Entrepreneurial characteristics**

- ☐ Effective communicator of business vision
- ☐ Strategic planner, goal setter
- ☐ Tracks financial performance and successfully acquires necessary funds
- ☐ Effective motivator and team leader
- ☐ Problem solver
- ☐ Successful negotiator
- ☐ Develops strategic alliances

## **Entrepreneur's management style**

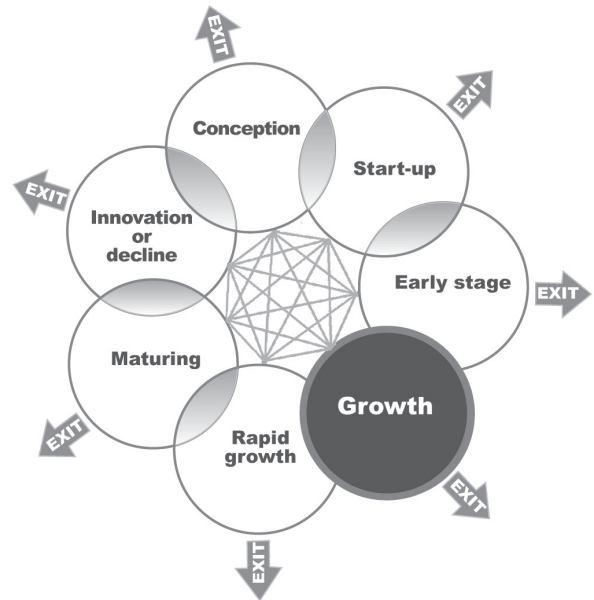
- ☐ Standardizes and streamlines operations
- ☐ Focuses on developing management team
- ☐ Resolves disagreements and seeks collaboration
- ☐ Focuses on the vision

## **Planning characteristics**

- ☐ Operating plan is carefully reviewed and tracked
- ☐ Staff is involved in annual review and revision of strategic plan
- ☐ Cash flow is carefully monitored

## **Red flags**

- ☐ Expanded too quickly
- ☐ Lacks clear vision
- ☐ Poor directions, unwieldy
- ☐ Competitive threats
- ☐ Too many priorities
- ☐ Frequent staff/management conflicts
- ☐ Product/service shortages and delays
- ☐ Outgrowing current management team expertise



# RAPID-GROWTH STAGE OF BUSINESS

## OUTPACING INDUSTRY

### Business characteristics

- ☐ Business is an industry leader with well-established markets
- ☐ Sales patterns are stabilized
- ☐ Business remains somewhat stable as long as it continues to respond to market needs

### Goals and objectives

- ☐ Business is reinvented
- ☐ Be competitive and remain flexible
- ☐ Innovative products/services are created
- ☐ Brand awareness is maintained
- ☐ Business expands globally or acquires new companies
- ☐ Wealth is created

### Entrepreneurial characteristics

- ☐ Effective communicator of business vision
- ☐ Strategic planner, goal setter
- ☐ Effective motivator and team leader
- ☐ Change agent
- ☐ Problem solver
- ☐ Forecasts future

### Entrepreneur's management style

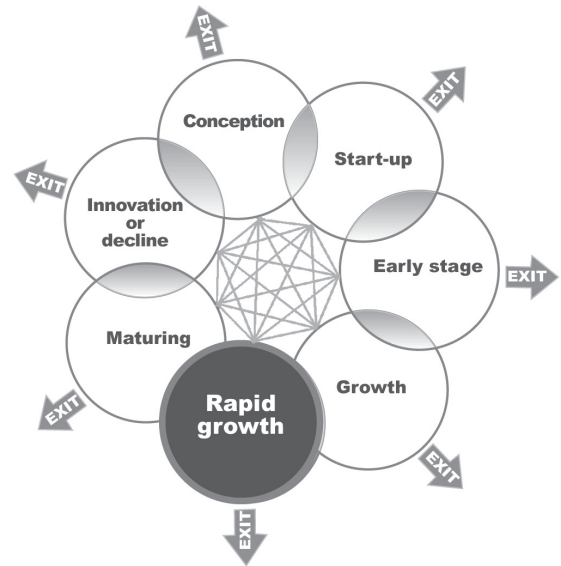
- ☐ Creates innovation at all levels of the organization
- ☐ Proactively manages for future
- ☐ Preserves and creates value
- ☐ Balances short- and long-term growth
- ☐ Molds management team
- ☐ Divides departments into separate business units

### Planning characteristics

- ☐ Operating plan is carefully reviewed and tracked
- ☐ Progress and profitability is measured and monitored
- ☐ Growth strategies are developed
- ☐ Business transformation is planned
- ☐ Strategic plan is revised

### Red flags

- ☐ Business in turmoil, staff lacks shared values
- ☐ Market saturation with excessive competition
- ☐ High staff turnover
- ☐ Decreasing profits



# MATURING STAGE OF BUSINESS

## STABILIZED MARKET SHARE

### Business characteristics

- ☐ Business is an industry benchmark but it must innovate or exit
- ☐ Innovation is required at all levels of the organization
- ☐ New products/services are the responsibility of all staff members
- ☐ Focus is on high standards
- ☐ Customers and advisers input is solicited
- ☐ Current offerings are reinvented

### Goals and objectives

- ☐ Innovation occurs internally or by acquisition
- ☐ New niches in the current market are established
- ☐ New or spin-off products/services are introduced
- ☐ Product/service lines are expanded
- ☐ New internal businesses are created and backed by existing financial resources

### Entrepreneurial characteristics

- ☐ Creative, innovative, persistent, and consistent
- ☐ Effectively reinforces vision
- ☐ Strategic planner, goal setter
- ☐ Calculated risk taker
- ☐ Problem solver
- ☐ Effective motivator and team leader

### Entrepreneur's management style

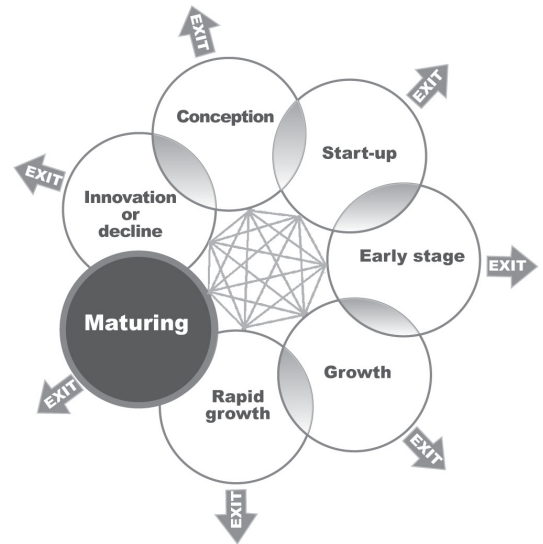
- ☐ Articulates the business vision
- ☐ Instills creative culture
- ☐ Balances innovation and flexibility
- ☐ Solicits continual staff member input

### Planning characteristics

- ☐ Strategic plan is adjusted for market shifts
- ☐ Team members are hired, developed, managed, and recognized
- ☐ Priorities are managed with a team approach
- ☐ Operating plan is used to set milestones, reinforce mission and vision
- ☐ Progress is measured

### Red flags

- ☐ Innovation is a tough challenge
- ☐ Bureaucratic management style slows decision-making
- ☐ Staff members lose touch with external conditions
- ☐ Lack of out-of-the-box thinking
- ☐ Restrictive policies and procedures





# **INNOVATION OR DECLINE STAGE OF BUSINESS**

**MUST ADD TO PRODUCT LINE OR MARKET SHARE DECLINES**

## **Business characteristics**

- ☐ Business is an industry benchmark but it must innovate or exit
- ☐ Innovation is required at all levels of the organization
- ☐ New products/services are the responsibility of all staff members
- ☐ Focus is on high standards
- ☐ Customers and advisers input is solicited
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## **Goals and objectives**

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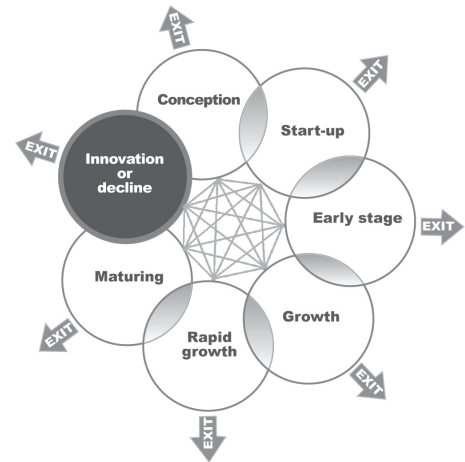
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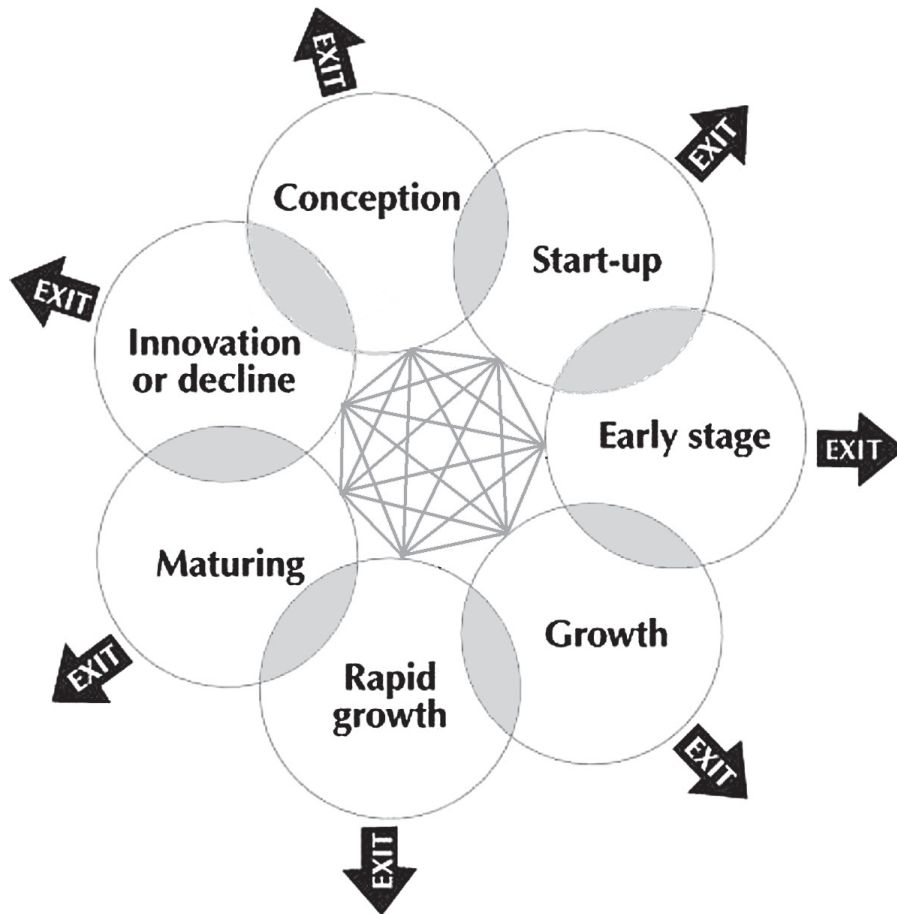


## ASSESSMENT TOOL 4

### WHERE DOES MY BUSINESS FIT IN THE BUSINESS LIFE CYCLE?

To chart the alignment of your business, use the table on pages 26-29. In each category, circle the box that best describes your business activities and characteristics. Then, using your pen, connect each circled box, starting with the first circle and moving down the page, to form a vertical line graph. Is the alignment of your business smooth and in sync or irregular and erratic? Is your business outgrowing your management style?

Is your staff exhausted from activities that keeps them zig-zagging?



ASSESSMENT TOOL 4: WHERE DOES MY BUSINESS FIT IN THE BUSINESS LIFE CYCLE?

Category	Conception	Start-up	Early stage	Growth	Rapid growth	Maturing	Innovation or decline
Business characteristics	Entrepreneur has found a business opportunity, but the business is not yet formed or the idea is still being tested.	Sales and growth are erratic and the business is small, chaotic and resources are scarce.	Business is sales-driven, fast-paced, experiments with marketing, and has a close relationship with its customers.	Business is viable, the market is well defined, processes and procedures are in place, and the business needs money to expand.	Market leader with competitive edge, launching new ideas and products, hiring, and the planning and operational structures are in place.	Industry leader, consistent market and sales patterns, poised to continue growth and profitability or decline from lack of innovation.	Business has flat-line growth and profitability and not sure what needs to be done but knows it must reinvent itself because it is the beginning of a decline.
Goals and objectives	Determine resources needed, complete start-up business plan, find location, identify suppliers, source capital, and hire staff.	Complete business and marketing plans, obtain capital, target market, sell products or services, build team, and control expenses.	Modify business and marketing plans, refine products and services, increase market share, establish a board, and realize a profit.	Source financing for increased growth, become market leader, hire talented people, involve board, increase value of business, update business and marketing plans, and create strategic and operational plans.	Expand markets, create brand awareness, finance growth, hold regular board meetings, explore global opportunities, become technically savvy, continually refine business, marketing, strategic and operational plans.	Reinvent business, remain flexible, redesign products and services, maintain reputation and brand, expand or purchase market share, create wealth, write new business, marketing, and strategic plans.	Innovate internally or by acquisition, grow new niche markets, develop new products and services, create profit centers within business, and write new business plans.
Entrepreneurial characteristics	Visionary Driven Self-confident Creative Resolves problems Intuitive	Plans. Sets goals. Marketing focus. Team communicator. Negotiates. Oversees daily operations. Sells. Resolves problems.	Marketing oriented. Visionary. Tenacious. Delegator. Motivational. Solicits feedback. Solves problems.	Communicates vision. Planner/goal setter. Coach. Facilitator. Mentor. Mediator. Team builder. Gives feedback. Solves problems.	Communicates concrete vision. Strategic planner. Sets goals. Manages financials. Team leader/motivator. Self-confident. Negotiates. Develops alliances. Solves problems.	Creative/innovator. Persistent. Reinforces vision. Planner/goal setter. Confident risk taker. Leader of growth. Facilitates teamwork. Strategic leadership. Motivational. Develops people. Solves problems.	Effective management team Removed from day-today operations. Manages in larger context Makes major changes in strategies. Aligns management team to vision and culture. Coaches. Encourages ideas and alternatives. Sense of urgency. Standardized operations.

Category	Conception	Start-up	Early stage	Growth	Rapid growth	Maturing	Innovation or decline
<b>Entrepreneur's management style</b>	Jack-of-all-trades Makes all decisions Focuses on day-to-day activities Reactive management	Centralized management. Centralized authority. Fights daily fires. Aggressive market strategy. Devoted to launch and survival Minimal delegation Team focused	Builds solid management team. Delegates. Problem-solving mode. Addresses training. Creatively manages resources.	Effective management team Removed from day-to-day operations. Manages in larger context Makes major changes in strategies. Aligns management team to vision and culture. Coaches. Encourages ideas and alternatives.	Sense of urgency. Standardized operations. Focus on management team development. Resolves disagreements. Seeks collaboration. Future focused.	Creates innovation at all levels of organization. Proactive management. Preserves/creates value. Balances short-term and/or long-term growth. Molds management team. Divides departments into profit centers.	Articulates vision. Accountability and team building. Creative culture. Balances innovation and flexibility. Solicits continual team input.
<b>Planning characteristics</b>	Develops start-up business plan. Uses plan to determine action. Develops budgets. Estimates break-even.	Develops business plan. Plan used with the team. Management uses plan to make decisions. Progress measured against plan. Frequent changes in business plan.	Tracks cash flow. Outlines employee roles and responsibilities. Charts progress to plan. Needs systems and structure.	Benchmarks established from marketing, strategic and operational plans. Plans growth, sales and profitability. Resources dedicated to growth. Priorities set through planning process. Designs exit strategy.	Reviews and tracks operational plan. Team involved in annual strategic planning. Monitor cash flow.	Monitors operational plan. Measures progress and profitability. Develops growth strategies. Plans business transitions. Revises strategic plan.	Adjusts strategic plan. Hires, develops, manages, and rewards team. Instills creative culture. Balances innovation and flexibility. Solicits continual input into business.
<b>Red flags</b>	Runs business by seat of pants. Too much to get done in available time. Unorganized, no focus. Poor follow through. Lacks attention to detail. No planning process.	Slow growth. Sales erratic and less than projections. Target market is too narrow. Difficult to find competitive advantage. Products and services hard to modify. No cash to pay bills. No planning process.	Daily tasks are overwhelming. No time to give direction to the team. Micro management. New competition emerges. Priorities continually change. Business loses focus. Too much time working in rather than on the business. Numerous marketing challenges. Entrepreneur shoots from the hip.	Lack sufficient assets to leverage capital needs. Rapid growth is uncontrollable. Shortage of management expertise and intellect. Cash flow crisis. Entrepreneur not able to keep pace with business demands. Losing control of business. Office infighting. Disenfranchised team members.	Business expands too quickly. No clear vision. Poor directions. Competitive threats. Right hand doesn't know what the left hand is doing. Too many priorities. Key management thinking of leaving. Frequent team conflicts. Shortages/delays in sales/service. Outgrowing management team expertise.	Business is in turmoil. Team lacks shared vision. Market saturated with cheaper look-alikes. High staff turnover. Decreasing profits. Team gets blindsided.	Innovation is challenging. Increasing turf wars. Excessive committee decision-making. Team losing touch with external conditions. No communication time. Lack out-of-the-box thinking. Restrictive policies and procedures.

## **ASSESSMENT TOOL 5**

### **BUSINESS LIFE CYCLE CHALLENGES AND TRANSITIONS**

**Identify your current and future business stages by answering the following questions.**

What stage is your business in today?

Using input from your three-year vision, what stage you would like your business to be in three years from today?

**Describe the business's major challenges by answering the following questions.**

What are the major challenges facing your business in its current stage of growth?

What are the challenges your business will face in the desired stage of growth three years from today?

What personal changes in your style and role as leader will you have to make to transition your business?

How will your management team assist you with this transition?

How do I prepare for the potential effects of sudden natural or manmade disasters?

Do I have such a plan established to deal with potential disruption?

## Key Consideration

When planning for potential disruption, consider the NMSBDC's Disaster Preparedness Response and Recovery Guide as a tool. You can access the document at: [www.nmsbdc.org](http://www.nmsbdc.org)

# Notes